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JOINT INSPECTION UNIT

Activities of the Joint Inspection Unit of relevance to UNIDO

Note by the Secretariat

Summary

Provides information on reports prepared by the Joint Inspection Unit during 1995 and 1996 which were not considered during the fifteenth session of the Industrial Development Board and reflects the position of the UNIDO Secretariat on those matters.

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Introduction

1. The Joint Inspection Unit (JIU) became a subsidiary organ of the Industrial Development Board by its decision IDB.1/Dec.22. JIU conducts its work based on requests by Member States, on request by the secretariats of the participating organizations, or on its own initiative. The reports of JIU are submitted to the competent organs of the organizations concerned with the comments of the executive heads of those organizations. The present document provides information on JIU reports that are considered relevant to UNIDO, together with the comments of the Secretariat thereto.

I. REPORTS SUBMITTED BY THE JOINT INSPECTION UNIT OF DIRECT INTEREST TO UNIDO

2. Since the issuance of the most recent document to the Board on the subject (IDB.15/9), one JIU report has been issued (see subpara. (a) below) that is considered relevant to the work of UNIDO. Additionally, as noted in paragraph 3 of the above-mentioned document, the following two reports issued in 1995, which were not considered during the fifteenth session, are reported on in the present document. The reports are available in the UNIDO Secretariat for consultation.

(a) The United Nations Conference on Trade and evelopment (UNCTAD): Review of institutional and programme issues (JIU/REP/96/1);

(b) Accountability, management improvement and oversight in the United Nations system (JIU/REP/95/2 and Add.1);

(c) Evaluation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF): Towards a more operational approach? (JIU/REP/95/12).

The United Nations Conference on Trade and Development (UNCTAD): Review of Institutional and Programme Issues (JIU/REP/96/1)

3. JIU conducted its first review of UNCTAD amidst ongoing efforts to restructure and revitalize the United Nations in the economic, social and related fields. The report was submitted to UNCTAD IX, held at Midrand, South Africa, in May 1996. Overall, the Inspectors found that the rationale that led to the creation of UNCTAD in 1964 still remains valid, and that UNCTAD has provided more than value for money. At the same time, the Inspectors pointed out that UNCTAD faces a number of challenges, among others, its lack of field visibility and its inability to fashion a field-oriented and priority-driven technical cooperation strategy.

4. The Inspectors consider that UNCTAD VIII, held at Cartagena, Colombia, in 1992, emphasized a new mandate (such as commodities, science and technology, trade and investment) and new areas (such as poverty alleviation, privatization). The Inspectors however believe that UNCTAD should avoid unnecessary duplication of efforts with regard to other United Nations bodies, and at the same time strengthen its technical cooperation activities. On the basis of the above, the Inspectors recommend that UNCTAD should: (a) enhance cooperation with regional economic commissions, strengthen its action-oriented research capacity, strengthen collaboration with the private sector and non-governmental organizations (NGOs); (b) build system-wide partnerships for development by expanding co-operation arrangements with other parts of the United Nations system, including UNIDO; (c) significantly strengthen the technical cooperation function in its principal areas of its responsibility; (d) give due consideration to the unique development needs of the least developed countries, land-locked and island developing countries; (e) strengthen its cooperation with the World Trade Organization (WTO) at the secretariat and institution levels; and (f) strengthen its cooperation with the Bretton Wood institutions.

5. In considering the findings and recommendations contained in the report, account should be taken of a number of events that occurred after its release and which have had an impact on UNCTAD and its relationship with UNIDO. Those events include the recent agreements concluded between the Heads of UNIDO and UNCTAD (see para. 7 below) and the results of UNCTAD IX, which was held in May 1996. Indeed, most JIU recommendations are reflected in the newly expanded mandate of UNCTAD. UNCTAD IX has clarified UNCTAD mandates and responsibilities with respect to WTO; established a new focus on investment, enterprise development and technology issues; emphasized a stronger technical cooperation role; stressed partnership and interaction with other development actors such as NGOs; and established a leaner and reduced intergovernmental machinery, with only one Board meeting and three commissions per year.

6. The Secretariat notes with concern that UNCTAD IX has widened responsibilities of UNCTAD in fields where UNIDO also has mandates and activities, such as investment, technology and enterprise development. Needless to say, there is a close linkage and complementarity between trade and industry in the development process. UNIDO's mandate relates to the productive sector (manufacturing) while the role of UNCTAD would be in the trade sector. The new focus of UNCTAD could make the roles of the two organizations less clear. On the enhanced role of UNCTAD in the area of technical cooperation, the Secretariat feels that UNIDO has a definite comparative advantage based on

its long-standing experience of project implementation.

7. There is clearly a need for specialization, a clear-cut division of labour and complementarity between the two organizations, to avoid overlapping functions. The attention of Member States is drawn to the fact that UNIDO has already entered into a new partnership relationship with UNCTAD. In April 1996, the executive heads of the two organizations signed a joint communique announcing the enhanced cooperation and greater complementarity in their work programmes with emphasis on information, investment and technology promotion. In July, the two heads met in Vienna and, *inter alia*, announced the start of a joint programme to help African countries improve the environment for investment flows and transfer of technology, and strengthen their business capacities.

Accountability, management improvement, and oversight in the United Nations system (JIU/REP/95/2 and Add.1)

8. In the face of increasing demands and decreasing resources available, the United Nations system organizations are requested to "do better with less". Against this background, JIU carried out its first comprehensive and extensive review of accountability, management improvement and oversight activities within the United Nations system. The report covers seven accountability and oversight structures in the United Nations system: internal oversight units, management systems, human resources management, strategic planning, inter-agency activities, system-wide external oversight units, and oversight by governing bodies.

9. The Inspectors found that the United Nations system organizations lack a "culture of accountability and performance". First, internal oversight units, such as internal audit and evaluation, are scattered, isolated and invisible. The number of Professional-level staff of the internal oversight units in the United Nations system is 272, or about 0.5 per cent of the some 52,700 staff. Secondly, the organizations need effective internal control and personal accountability systems, modern information technologies supported by basic changes in staff attitude and in organizational culture. Thirdly, inter-agency bodies such as the Administrative Committee on Coordination (ACC) and the Consultative Committee on Administrative Questions (CCAQ) have contributed to the improvement of accountability, management and oversight functions through spreading "best practices". As for external system-wide oversight bodies such as the External Auditor and JIU, the Inspectors note that they have varying mandates, extremely broad areas to cover and modest resources. Finally, the Inspectors note that the governing bodies do not necessarily provide adequate oversight and decision-making for increasingly urgent field programmes worldwide.

10. On the basis of the above findings, the Inspectors recommend, *inter alia*, that the organizations should: (a) establish a single focal point under their respective heads comprising strategic planning, performance management and management improvement; (b) balance the capacities of the units in charge of internal audit, evaluation, management services, inspection and investigation; (c) maintain integrated internal control systems and guidelines concerning personal accountability, financial liability and standards of conduct; (d) establish a comprehensive strategy for information systems and strengthen management development and training programmes; (e) support inter-agency efforts to improve management, accountability and oversight; and (f) report to their governing bodies on the issues discussed in the report. The Inspectors also recommend that external oversight bodies should improve their work programmes and share their findings with each other, and governing bodies should insist on improved accountability, performance, oversight and sound management systems, and provide clearer guidance to secretariats.

11. The UNIDO Secretariat finds the comprehensive report timely, useful and interesting and was pleased to note that most of the recommendations have been already implemented in UNIDO during the ongoing reform process. This means that information on UNIDO in Part II (JIU/REP/95/2/Add.1), containing comparative tables of the report, has been overtaken by events. In conformity with the recommendations of JIU, the recently established Policy Coordination function within General Management consolidates strategic planning, quality assurance, programme and project review committee secretariat, programme monitoring and evaluation, and this has significantly strengthened the accountability, control and oversight functions of the Organization. In addition, close coordination exists between Policy Coordination, Internal Audit and Legal Service. UNIDO Management Principles (UNIDO/DGB(M).2) provide a framework for good management and accountability of managers and their staff.

12. A new disciplinary and reward system have been designed along with the new performance appraisal system, based on the concept of managerial responsibility and accountability. New information systems (E-mail, Intranet) have improved significantly the efficiency of the work of the Secretariat. Furthermore, UNIDO actively contributes to inter-agency activities. During the last two years, the Quality Assurance Unit has twice organized workshops on quality management of development cooperation, with the participation of

some 15 multilateral and bilateral development agencies. The latest conference of internal audit services of United Nations agencies and multilateral financial institutions was co-hosted by UNIDO and the International Atomic Energy Agency and was termed one of the most successful meetings held in this field during the last 27 years.

13. Finally, it must be underlined that the Secretariat keeps Member States continuously informed on the progress of UNIDO reform, and fully cooperates with JIU and the External Auditor. In fact, UNIDO has been at the forefront of reform in the United Nations system, having undergone a comprehensive process of change and adjustment that has led to significantly strengthened accountability, oversight functions and management improvement.

Evaluation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF): Towards a more operational approach? (JIU/REP/95/12)

14. JIU conducted this evaluation at the request of the Committee on Programme and Coordination. UN-NADAF was launched in 1991 by the General Assembly. The Inspectors issued recommendations to African Member States, the international community and the United Nations system organizations. This document summarizes those related to the United Nations system..

15. The Inspectors noted that, within the United Nations system, the New Agenda has had little impact on the ground. There was still a general lack of awareness of the existence of the Agenda, despite the fact that virtually all organizations have assigned priority to the African region, including the recent United Nations system-wide Special Initiative on Africa (UNSIA) launched by the Secretary-General in October 1995. The severe resource crisis throughout the United Nations system may further limit the scope of action unless conventional technical cooperation policies and mechanisms are re-assessed. With this in mind, the Inspectors recommended, *inter alia*, that the organizations should: (a) reduce the costs for technical cooperation with Africa by (i) reducing reliance on expatriate experts in favour of national experts and local resources, (ii) relying more on national execution modality, and (iii) reducing overhead costs through unified procurement practices; (b) engage in policy advocacy campaigns through local media and by establishment of a joint United Nations system information service in Africa; (c) reinforce institutional capacity-building efforts of the supported institutions; (d) institute an African Development Conference and a standing Inter-Agency Working Group on the commodity sector, of which UNIDO should be a member; (e) increase their support for subregional integration; and (f) give priority to women's programmes.

16. The UNIDO Secretariat considers the report to present a good overview of the extremely important and complex development problems that Africa faces. It is a useful and timely study as it coincides with the launching of the UNIDO Alliance for Africa's Industrialization. The Secretariat, however, notes with concern that the achievements of UNIDO under the Second Industrial Development Decade for Africa (IDDA) have not been mentioned despite the fact that the UN-NADAF framework and objectives were fully taken into account during the elaboration of the programme for IDDA. As for the recommendations of the Inspectors, the Secretariat would like to draw the attention of Member States to the following: (a) UNIDO fully endorses and continuously applies the use of national consultants and specialists; however, general decentralization of programme implementation is possible only if adequate institutional capacity and safeguards exist in the region; (b) the Secretariat supports the proposals of a joint United Nations system information service, provided that it does not involve additional costs; (c) the Secretariat shares the call for greater emphasis on institutional capacity-building; (d) the notion of the African Development Conference—which would group the Economic Commission for Africa (ECA) and the Organization of African Unity (OAU) consultative meetings with the United Nations system organizations—has some merit but requires further extensive in-depth analysis. The Secretariat also supports the proposal of establishing a standing inter-agency working group on the commodity sector; (e) for many years UNIDO has actively cooperated with and provided support to subregional organizations in order to strengthen their institutional and technological capacities; (f) the programme of UNIDO for the integration of women in industrialization is well established and recognized, and will be continued particularly within the priority programmes addressing requirements in Africa.

17. As Member States are aware, UNIDO initiated the Alliance for Africa's Industrialization to reinvigorate industrial development in Africa. This is a complementary input of UNIDO to UNSIA. The Alliance was presented to the Council of Ministers of OAU in July 1996, which endorsed it to be launched in Abidjan, Cote d'Ivoire, in October 1996. In September 1996, a high-level expert group meeting was held at Addis Ababa, Ethiopia, with representatives of the Conference of African Ministers of Industry (CAMI), ECA, OAU, key private-sector groups and policy-makers. To support the Alliance, a steering committee was established in the Secretariat to provide overall guidance for the Alliance and to ensure harmonization and coordination with other programmes of UNIDO (UNIDO/DGB(P).14). An update on efforts made by UNIDO to further elaborate and develop the concept of the Alliance is presented in document IDB.16/16.

II. OTHER ACTIVITIES OF THE JOINT INSPECTION UNIT

18. Member States are advised that the following system-wide studies that are relevant to UNIDO are currently under preparation by JIU:

(a) Coordination of policy and programming frameworks for more effective development cooperation

(b) Publication policies and practices (in compliance with General Assembly resolution 50/206)

(c) Information systems and technology (at the request of UNIDO and other organizations)

(d) Outsourcing

(e) Field representation.

19. Member States may wish to note that recently there has been a growing concern about "value-for-money" with respect to the work of JIU. Recognizing that the impact of JIU is a shared responsibility of Member States, the Unit and the secretariats of the participating organizations, the Fifth Committee of the General Assembly has called for a number of measures to improve the cost-effectiveness of the Unit (A/C.5/50/L.64, 31 May 1996). Among the participating organizations, discussions are going on how to improve the cost-effectiveness of the work of JIU. The latest review on the matter was a comprehensive review made by the CCAQ at its meeting in September 1996. The approved programme and budgets of UNIDO for the 1996-1997 biennium contain a provision of $332,600 to cover its share (3.3 per cent) of the total estimated JIU costs for the biennium.

III. ACTION REQUIRED OF THE BOARD

20. In compliance with the provisions of the statute of JIU and resolution 48/221 of the General Assembly providing that the recommendations made by JIU should be considered and approved by Member States prior to their implementation by the organizations, the Board may wish to review the recommendations of JIU together with the views of UNIDO thereon and provide policy guidance for follow-up action. Member States may also wish to call for specific studies to be carried out by JIU.